

# House Study Bill 600

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
EDUCATION BILL BY  
CHAIRPERSON TYMESON)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act creating the Iowa proprietary tuition grant program and  
2 providing an appropriation.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 6426YC 81  
5 kh/je/5

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1 1 Section 1. Section 261.2, subsection 2, Code Supplement  
1 2 2005, is amended to read as follows:  
1 3 2. Administer the tuition grant program and proprietary  
1 4 tuition grant program under this chapter.  
1 5 Sec. 2. Section 261.9, subsection 1, paragraph b, Code  
1 6 Supplement 2005, is amended to read as follows:  
1 7 b. Is accredited by the north central association of  
1 8 colleges and secondary schools accrediting agency based on  
1 9 their requirements, is exempt from taxation under section  
1 10 501(c)(3) of the Internal Revenue Code, and annually provides  
1 11 a matching aggregate amount of institutional financial aid  
1 12 equal to at least seventy-five percent of the amount received  
1 13 in a fiscal year by the institution's students for Iowa  
1 14 tuition grant assistance under this chapter. Commencing with  
1 15 the fiscal year beginning July 1, 2006, the matching aggregate  
1 16 amount of institutional financial aid shall increase by the  
1 17 percentage of increase each fiscal year of funds appropriated  
1 18 for Iowa tuition grants under section 261.25, subsection 1, to  
1 19 a maximum match of one hundred percent. The institution shall  
1 20 file annual reports with the commission prior to receipt of  
1 21 tuition grant moneys under this chapter. ~~An institution whose~~  
~~1 22 income is not exempt from taxation under section 501(c) of the~~  
~~1 23 Internal Revenue Code and whose students were eligible to~~  
~~1 24 receive Iowa tuition grant money in the fiscal year beginning~~  
~~1 25 July 1, 2003, shall meet the match requirements of this~~  
~~1 26 paragraph no later than June 30, 2005.~~  
1 27 Sec. 3. Section 261.9, Code Supplement 2005, is amended by  
1 28 adding the following new subsections:  
1 29 NEW SUBSECTION. 5A. "Proprietary institution" means a  
1 30 for-profit institution of higher learning located in Iowa  
1 31 which is not exempt from taxation under section 501(c)(3) of  
1 32 the Internal Revenue Code, is operated privately and not  
1 33 controlled or administered by any state agency or any  
1 34 subdivision of the state, is accredited by the north central  
1 35 association of colleges and secondary schools accrediting  
2 1 agency based on its requirements, and annually provides a  
2 2 matching aggregate amount of institutional financial aid equal  
2 3 to at least seventy-five percent of the amount received in a  
2 4 fiscal year by the institution's students for proprietary  
2 5 tuition grant assistance under this chapter. Commencing with  
2 6 the fiscal year beginning July 1, 2006, the matching aggregate  
2 7 amount of institutional financial aid shall increase by the  
2 8 percentage of increase each fiscal year of funds appropriated  
2 9 for proprietary tuition grants under section 261.25,  
2 10 subsection 1A, to a maximum match of one hundred percent. The  
2 11 institution shall file annual reports with the commission  
2 12 prior to receipt of tuition grant moneys under this chapter.  
2 13 The institutions defined in this subsection shall meet the  
2 14 criteria in subsection 1, paragraphs "d" through "g".  
2 15 NEW SUBSECTION. 5B. "Proprietary tuition grant" means an  
2 16 award by the state of Iowa to a qualified student who attends  
2 17 a proprietary institution as provided in section 261.18.  
2 18 Sec. 4. Section 261.9, subsection 7, Code Supplement 2005,

2 19 is amended to read as follows:

2 20 7. "Tuition grant" means an award by the state of Iowa to  
2 21 a qualified student under this division, but does not include  
2 22 a proprietary tuition grant awarded pursuant to section  
2 23 261.18.

2 24 Sec. 5. NEW SECTION. 261.18 PROPRIETARY TUITION GRANTS.

2 25 1. A proprietary tuition grant program is established to  
2 26 be administered by the commission.

2 27 2. A proprietary tuition grant may be awarded to a  
2 28 resident of Iowa who is admitted and in attendance as a full=  
2 29 time or part-time resident student at an accredited  
2 30 proprietary institution, establishes financial need, and, in  
2 31 accordance with the rules and regulations of the commission,  
2 32 meets the following conditions:

2 33 a. Completes and files an application for a proprietary  
2 34 tuition grant.

2 35 b. Provides for the submission of the parents'  
3 1 confidential statement for processing, the processed  
3 2 information to be returned both to the commission and to the  
3 3 proprietary institution in which the applicant is enrolling.

3 4 c. Reports promptly to the commission any information  
3 5 requested.

3 6 d. Files a new application and parents' confidential  
3 7 statement annually, on the basis of which the applicant's  
3 8 eligibility for a renewed proprietary tuition grant will be  
3 9 evaluated and determined.

3 10 3. A qualified full-time resident student may receive  
3 11 state financial aid in the form of proprietary tuition grants  
3 12 or Iowa tuition grants for not more than eight semesters of  
3 13 undergraduate study or the trimester or quarter equivalent. A  
3 14 qualified part-time resident student may receive proprietary  
3 15 tuition grants or Iowa tuition grants for not more than  
3 16 sixteen semesters of undergraduate study or the trimester or  
3 17 quarter equivalent.

3 18 4. The amount of a proprietary tuition grant to a  
3 19 qualified full-time student for the fall and spring semesters,  
3 20 or the trimester or quarter equivalent, shall be the amount of  
3 21 the student's financial need for that period. However, a  
3 22 proprietary tuition grant shall not exceed the lesser of the  
3 23 following:

3 24 a. The total tuition and mandatory fees for that student  
3 25 for two semesters or the trimester or quarter equivalent, less  
3 26 the base amount determined annually by the commission, which  
3 27 base amount shall be within ten dollars of the average tuition  
3 28 for two semesters or the trimester or quarter equivalent of  
3 29 undergraduate study at the state universities under the  
3 30 control of the board of regents, but in any event the base  
3 31 amount shall not be less than four hundred dollars.

3 32 b. For the fiscal year beginning July 1, 2006, and for  
3 33 each succeeding fiscal year, four thousand dollars.

3 34 5. The amount of a proprietary tuition grant to a  
3 35 qualified full-time student for the summer semester or  
4 1 trimester or quarter equivalent shall be one-half the amount  
4 2 of the proprietary tuition grant the student receives under  
4 3 subsection 4.

4 4 6. The amount of a proprietary tuition grant to a  
4 5 qualified part-time student enrolled in a course of study  
4 6 including at least three semester hours but fewer than twelve  
4 7 semester hours for the fall, spring, and summer semesters, or  
4 8 the trimester or quarter equivalent, shall be equal to the  
4 9 amount of a proprietary tuition grant that would be paid to a  
4 10 full-time student times a number which represents the number  
4 11 of hours in which the part-time student is actually enrolled  
4 12 divided by twelve semester hours, or the trimester or quarter  
4 13 equivalent.

4 14 7. A proprietary tuition grant shall be awarded on an  
4 15 annual basis. Payments under the grant shall be allocated  
4 16 equally among the semesters, trimesters, or quarters and shall  
4 17 be paid at the beginning of each semester, trimester, or  
4 18 quarter upon certification by the accredited proprietary  
4 19 institution that the student is admitted and in attendance.  
4 20 If the student discontinues attendance before the end of any  
4 21 semester, trimester, or quarter after receiving payment under  
4 22 the grant, the entire amount of any refund due that student,  
4 23 up to the amount of any payments made under the annual grant,  
4 24 shall be paid by the proprietary institution to the state.

4 25 8. If a student receives financial aid under any other  
4 26 program, the full amount of such financial aid shall be  
4 27 considered part of the student's financial resources available  
4 28 in determining the amount of the student's financial need for  
4 29 that period. In no case may the state's total financial

4 30 contribution to the student's education, including financial  
4 31 aid under any other state program, exceed the tuition and  
4 32 mandatory fees at the proprietary institution the student  
4 33 attends.

4 34 9. The commission shall administer this program and shall  
4 35 do the following:

5 1 a. Provide application forms and parents' confidential  
5 2 statement forms.

5 3 b. Adopt rules and regulations for determining financial  
5 4 need, defining tuition and mandatory fees, defining residence  
5 5 for the purposes of this section, processing and approving  
5 6 applications for proprietary tuition grants, and determining  
5 7 priority of grants. The commission may provide for proration  
5 8 of funds if the available funds are insufficient to pay all  
5 9 approved grants. Such proration shall take primary account of  
5 10 the financial need of the applicant. In determining who is a  
5 11 resident of Iowa, the commission's rules shall be at least as  
5 12 restrictive as those of the board of regents.

5 13 c. Approve and award proprietary tuition grants.

5 14 d. Make an annual report to the governor and general  
5 15 assembly, and evaluate the proprietary tuition grant program  
5 16 for the period. The commission may require a proprietary  
5 17 institution to promptly furnish any information which the  
5 18 commission may request in connection with the proprietary  
5 19 tuition grant program.

5 20 Sec. 6. Section 261.25, subsection 1, Code Supplement  
5 21 2005, is amended to read as follows:

5 22 1. There is appropriated from the general fund of the  
5 23 state to the commission for each fiscal year the sum of ~~forty=~~  
~~5 24 nine forty=four million six seven hundred seventy=three six~~  
5 25 ~~thousand five two hundred seventy=five seventeen~~ dollars for  
5 26 tuition grants. ~~From the funds appropriated in this~~  
~~5 27 subsection, an amount equal to ten percent of the funds~~  
~~5 28 appropriated in this subsection shall be reserved for~~  
~~5 29 distribution to students attending private institutions whose~~  
~~5 30 income is not exempt from taxation under section 501(c) of the~~  
~~5 31 Internal Revenue Code and whose students were eligible to~~  
~~5 32 receive Iowa tuition grant moneys in the fiscal year beginning~~  
~~5 33 July 1, 2003. A for-profit institution which, effective March~~  
~~5 34 9, 2005, purchased an accredited private institution that was~~  
~~5 35 exempt from taxation under section 501(c) of the Internal~~  
~~6 1 Revenue Code, shall be an eligible institution under the Iowa~~  
~~6 2 tuition grant program. In the case of a qualified student who~~  
~~6 3 was enrolled in such accredited private institution that was~~  
~~6 4 purchased by the for-profit institution effective March 9,~~  
~~6 5 2005, and who continues to be enrolled in the eligible~~  
~~6 6 institution in succeeding years, the amount the student~~  
~~6 7 qualifies for under this subsection shall be not less than the~~  
~~6 8 amount the student qualified for in the fiscal year beginning~~  
~~6 9 July 1, 2004.~~

6 10 Sec. 7. Section 261.25, Code Supplement 2005, is amended  
6 11 by adding the following new subsection:

6 12 NEW SUBSECTION. 1A. There is appropriated from the  
6 13 general fund of the state to the commission for each fiscal  
6 14 year the sum of four million nine hundred sixty=seven thousand  
6 15 three hundred fifty=eight dollars for proprietary tuition  
6 16 grants as provided in section 261.18.

#### 6 17 EXPLANATION

6 18 This bill creates the Iowa proprietary tuition grant  
6 19 program for students who are enrolled in and attending for=  
6 20 profit, proprietary postsecondary institutions. The program  
6 21 is modeled after the Iowa tuition grant program, and the bill  
6 22 provides a standing annual appropriation from the general fund  
6 23 of the state of nearly \$5 million to fund the program, while  
6 24 reducing the amount appropriated to the tuition grant program  
6 25 by the same amount.

6 26 DEFINITIONS. The bill defines "proprietary tuition grant"  
6 27 and changes the definition of "tuition grant" to provide that  
6 28 the term does not include a proprietary tuition grant. The  
6 29 bill defines "proprietary institution" as a for=profit  
6 30 institution located in Iowa which is not tax=exempt, operated  
6 31 privately, is accredited by the north central association of  
6 32 colleges and secondary schools accrediting agency, and  
6 33 annually provides a matching aggregate amount of institutional  
6 34 financial aid in the same percentage amounts required of  
6 35 accredited private institutions whose students are eligible  
7 1 for the Iowa tuition grant.

7 2 REQUIREMENTS. The institutions must file annual reports  
7 3 with the commission and, like accredited private institutions,  
7 4 promote equal opportunity and affirmative action efforts in  
7 5 the recruitment, appointment, assignment, and advancement of

7 6 personnel at the institution; adopt a policy that prohibits  
7 7 unlawful possession, use, or distribution of controlled  
7 8 substances by students and employees on property owned or  
7 9 leased by the institution or in conjunction with activities  
7 10 sponsored by the institution; develop and implement a written  
7 11 policy addressing sexual abuse; and adopt a policy to offer  
7 12 certain specified options to students who are members of the  
7 13 Iowa national guard or reserve forces of the United States and  
7 14 who are ordered to state military service or federal service  
7 15 or duty.

7 16 STATE FINANCIAL AID LIMITATION. The bill provides that a  
7 17 qualified full-time resident student may receive state  
7 18 financial aid in the form of proprietary tuition grants or  
7 19 Iowa tuition grants for not more than eight semesters of  
7 20 undergraduate study or the trimester or quarter equivalent.  
7 21 The bill also provides similar language limiting the amount of  
7 22 state financial aid qualified part-time resident students may  
7 23 receive to not more than 16 semesters of undergraduate study  
7 24 or the trimester or quarter equivalent.

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